



Project Management Update

"Then and Now"

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Overview

- Project Management Update
 - Some Project Execution Statistics – Then & Now
 - Project Success – How are we doing?
 - Other Project Management Metrics
 - GAO High-Risk List Update
- Contract Management
 - Aligning Contract Incentives
 - New Business Systems Clause (e.g., EVMS)
- Cost Control



Federal Budget

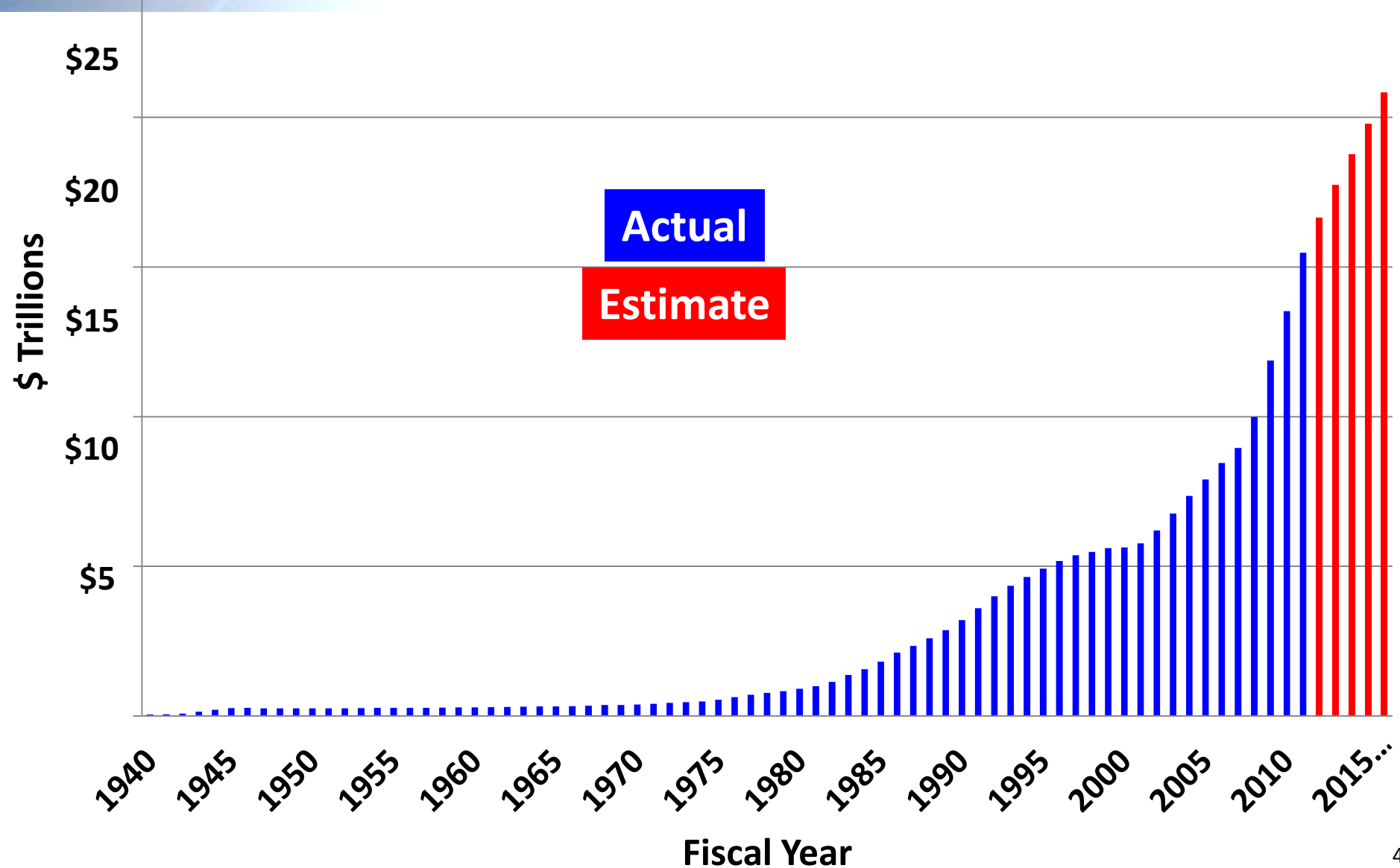
What's happened since we last met?

- 1) April 2012: End of FY Projections
 - FY12 Deficit & National Debt: \$1.1T/\$16.7T
- 2) March 2014: End of FY Projections
 - FY14 Deficit & National Debt: \$0.7T/\$18.2T
- 3) Other Significant Events During This Time
 - Sequestration
 - Government Shutdown



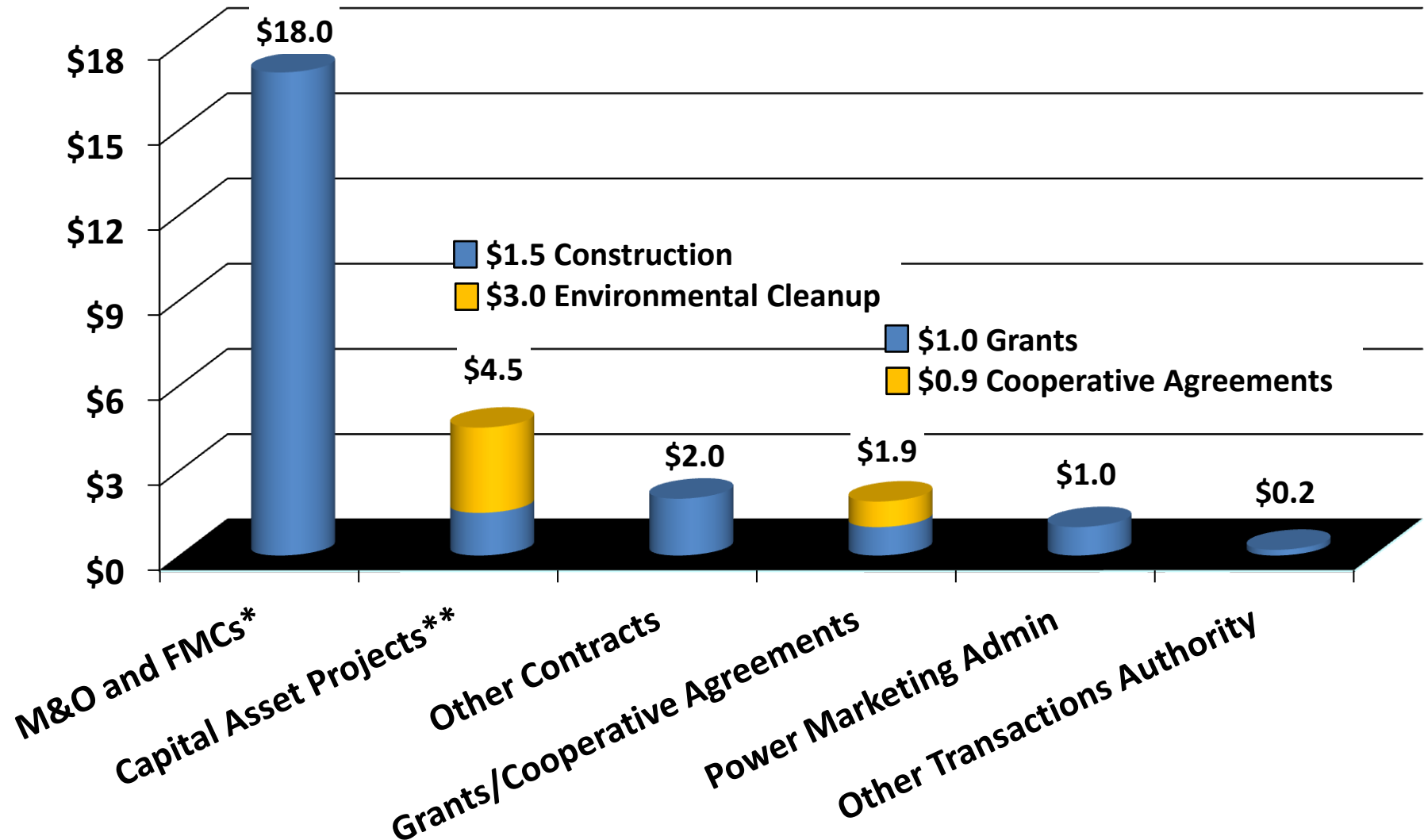
National Debt

“The World Has Changed As We Know It”





Annual Acquisition Monetary Distribution (Nominally, In Billions)



* M&O – Management and Operating; FMC – Facility Management Contracts

** Some executed by work authorization within M&O contract



Number of Projects (2008-2014)

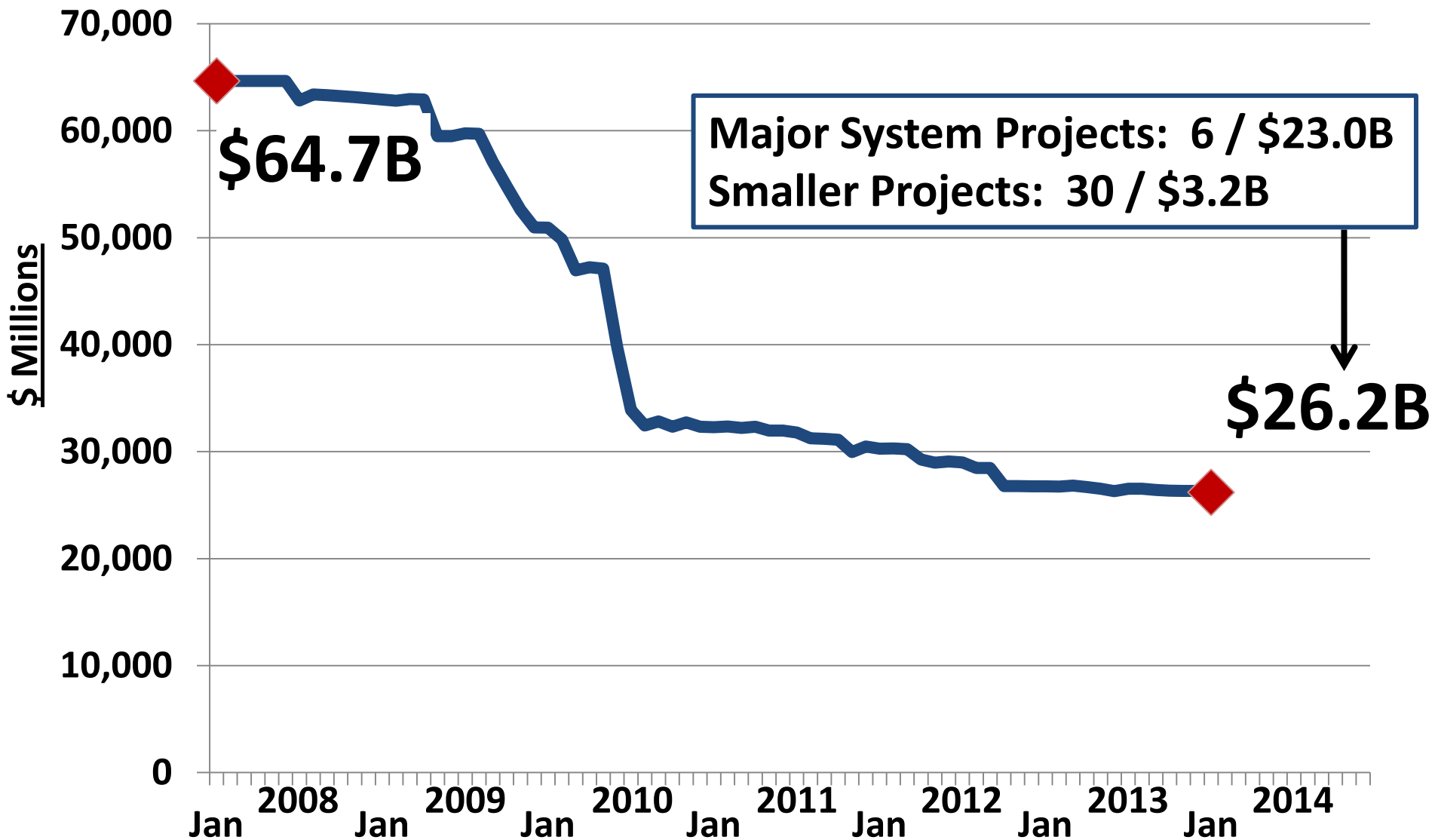
Current Post CD-2 Workload





Dollar Value of Projects (2008-2014)

Current Post CD-2 Workload





March 2012 Project Portfolio Status

(Based on Current Performance Baseline)

Program	Total Active Projects Post CD-2		Total Projects Post CD-2 Green		Total Projects Post CD-2 Yellow		Total Projects Post CD-2 Red		% of Post CD-2 Projects with Acceptable Status	
	No.	\$(M)	No.	\$(M)	No.	\$(M)	No.	\$(M)	No.	\$(M)
EERE	5	\$292	5	\$292	--	--	--	--	100%	100%
EM	28	\$21,385	15	\$6,054	--	--	13	\$15,331	54%	28%
FE	1	\$73	1	\$73	--	--	--	--	100%	100%
NA	14	\$6,096	10	\$662	--	--	4	\$5,434	71%	11%
NE	1	\$17	1	\$17	--	--	--	--	100%	100%
SC	19	\$2,358	19	\$2,358	--	--	--	--	100%	100%
DOE	68	\$30,221	51	\$9,456	--	--	17	\$20,765	75%	31% ₈



Current Project Portfolio Status

(Based on Current Performance Baseline)

Program	Total Active Projects Post CD-2		Total Projects Post CD-2 Green		Total Projects Post CD-2 Yellow		Total Projects Post CD-2 Red		% of Post CD-2 Projects with Acceptable Status	
	No.	\$(M)	No.	\$(M)	No.	\$(M)	No.	\$(M)	No.	\$(M)
EERE	1	\$16	--	--	1	\$16	--	--	100%	100%
EM	9	\$17,866	3	\$1,567	--	--	6	\$16,299	33%	9%
NA	10	\$6,055	8	\$784	--	--	2	\$5,271	80%	13%
SC	16	\$2,264	15	\$1,986	1	\$278	--	--	100%	100%
DOE	36	\$26,201	26	\$4,337	2	\$294	8	\$21,570	78%	18%



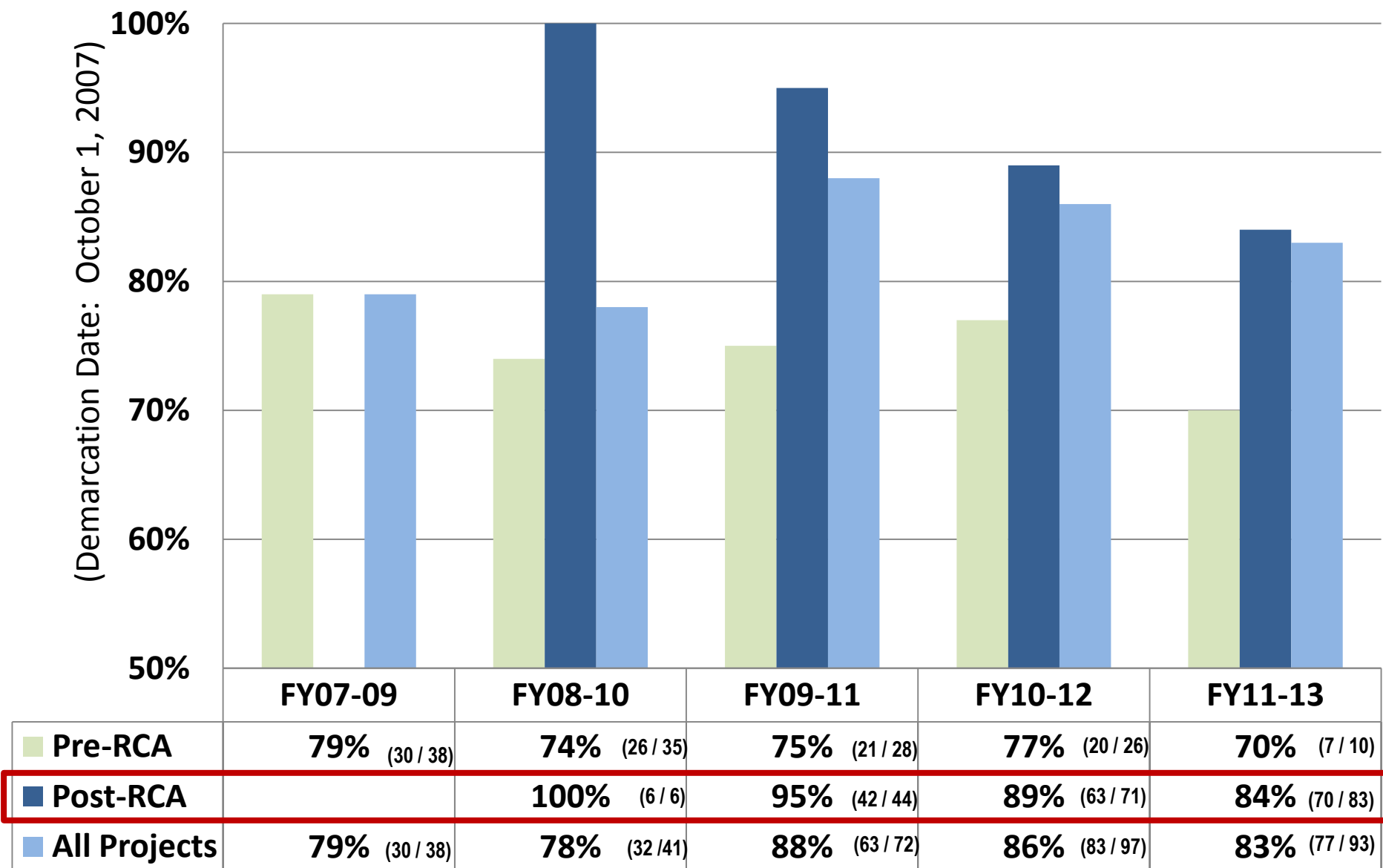
DOE Project Success

- Project Success:
 - Project completed within the ORIGINAL approved scope baseline, and within 110% of the ORIGINAL approved cost baseline at project completion (CD-4), unless otherwise impacted by a directed change.
- Portfolio Success:
 - 90% of all projects meet project success criteria based on a three-year rolling timeline.



Project Success - How are we Doing?

Pre vs. Post-RCA (Based on 3-year Rolling Timeline)





Project Success - How are We Doing?

Post FY07 (Based on 3-Year Rolling Timeline)

Capital Asset (Post-RCA)	Current Target	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual
Construction	90%	100% ^(2/2)	100% ^(12/12)	96% ^(22/23)	86% ^(30/35)
Cleanup	90%	100% ^(4/4)	94% ^(30/32)	85% ^(41/48)	83% ^(40/48)
Combined	90%	100% ^(6/6)	95% ^(42/44)	89% ^(63/71)	84% ^(70/83)
SC	90%	100% ^(1/1)	100% ^(5/5)	100% ^(11/11)	100% ^(14/14)
EM (Const)	90%	--	--	0% ^(0/1)	0% ^(0/1)
EM (Cleanup)	90%	100% ^(4/4)	94% ^(30/32)	85% ^(41/48)	83% ^(40/48)
NNSA	90%	100% ^(1/1)	100% ^(2/2)	100% ^(4/4)	50% ^(4/8)
Other	90%	--	100% ^(5/5)	100% ^(7/7)	100% ^(12/12) 12



Project Success - How are We Doing?

Post FY07 (Based on 3-Year Rolling Timeline) ↓

Capital Asset (Post-RCA)	Current Target	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Forecast
Construction	90%	100% ^(12/12)	96% ^(22/23)	86% ^(30/35)	82% ^(28/34)
Cleanup	90%	94% ^(30/32)	85% ^(41/48)	83% ^(40/48)	60% ^(15/25)
Combined	90%	95% ^(42/44)	89% ^(63/71)	84% ^(70/83)	73% ^(43/59)
SC	90%	100% ^(5/5)	100% ^(11/11)	100% ^(14/14)	100% ^(15/15)
EM (Const)	90%	--	0% ^(0/1)	0% ^(0/1)	0% ^(0/1)
EM (Cleanup)	90%	94% ^(30/32)	85% ^(41/48)	83% ^(40/48)	60% ^(15/25)
NNSA	90%	100% ^(1/1)	100% ^(4/4)	50% ^(4/8)	50% ^(5/10)
Other	90%	100% ^(5/5)	100% ^(7/7)	100% ^(12/12)	100% ^(8/8)

Contract/Project Management Secondary Performance Metrics	Target	FY11 Actual	FY12 Actual	FY13 Actual	Comments
Certified Earned Value Management (EVM) System: Post CD-3, 95% of projects (TPC > \$20M).	95%	100%	100%	93%	CD-3 is “Approve Start of Construction/Execution.” [Stats: 28 of 30]
Certified Federal Project Directors (FPDs) at CD-1: No later than CD-1, 95% of projects have certified FPDs.	95%	97%	98%	97%	CD-1 is “Approve Alternative Selection and Cost Range.” [Stats: 58 of 60]
Certified FPDs at CD-3: No later than CD-3, 90% of projects have FPDs certified at the <u>appropriate level</u> assigned to projects.	90%	93%	94%	87%	CD-3 is “Approve Start of Construction/Execution.” [Stats: 33 of 38]
Certified Contracting Staff: 85% of the “1102” contracting specialist series will be certified.	85%	83%	85%	95%	Includes those with waivers.

Contract/Project Management Secondary Performance Metrics	Target	FY11 Actual	FY12 Actual	FY13 Actual	Comments
Schedule Compliance, Projects < 5 years Duration: Projects will meet the project schedule metric that follows: from CD-3 to CD-4, projects less than five years in duration will be completed within 12 months of the original CD-3/4 duration.	90%	89%	91%	93%	CD-3 is "Approve Start of Construction/Execution." CD-4 is "Approve Project Completion." Based on a three-year rolling timeline. [Stats: 82 of 88]
Schedule Compliance, Projects > 5 years Duration: Projects will meet the project schedule metric that follows: from CD-3 to CD-4, projects greater than five years in duration will be completed within 20% of the original CD-3/4 duration.	90%	20%	40%	100%	CD-3 is "Approve Start of Construction/Execution." CD-4 is "Approve Project Completion." Based on a three-year rolling timeline. [Stats: 4 of 4]

High-Risk List: **An Update, February 2013 List**

Department of Energy Contract Management

Criteria Agencies Must Meet Before High-Risk Designations Can Be Removed	DOE Has	
	Met Criteria	Not Yet Met Criteria
Demonstrate strong commitment and leadership	<input checked="" type="checkbox"/>	
Demonstrate progress in implementing corrective measures	<input checked="" type="checkbox"/>	
Develop a corrective action plan that identifies root causes, effective solutions, and a near-term plan for implementing the solutions	<input checked="" type="checkbox"/>	
Have the capacity (people and resources) to resolve the problems		<input checked="" type="checkbox"/>
Monitor and independently validate the effectiveness and sustainability of corrective measures		<input checked="" type="checkbox"/>

We still have work to do



Project Management

Miscellaneous Topics

1. Earned Value Management System (EVMS)
 - Appropriate Use of Management Reserve (MR)
 - Poor Estimate at Completion (EAC) Forecasts
 - EVMS Website Training Snippets
2. PM Glossary of Terms
 - One Word / One Phrase ➡ One Meaning
3. MR / Contingency Road Show
4. Use '413 Guides



Aligning Contract Incentives

(DepSec Memo Dated December 13, 2012)

- Deputy Secretary primary principles:
 - Assure optimum alignment of contractor/taxpayer interests
 - Structure contracts so that each party bears responsibility for its own actions
- Adhere to the following:
 - Assure proper upfront planning and requirements definition
 - Initial default: firm fixed-price contract type
 - If cost reimbursable contract used:
 - Use objective performance measures to maximum extent
 - Link fee strategies to final outcomes
 - Document contractor performance



New Business Systems Clause

- Are our Earned Value Management Systems (EVMS) accurate and reliable?
- Facilitate contractor behavior change:
 - DFARS Clause 234.201.(7)(iii)(2)(iii): withhold payments IAW the clause at 252.242.—7005, Contractor Business Systems, if the clause is included in the contract.
 - Establish similar, new clauses in DEAR

DFARS – Defense Federal Acquisition Regulations Supplement
DEAR – Department of Energy Acquisition Regulations



Closing Thoughts

-- Cost Control --

“How do YOU monitor cost control?”

- Is cost managed against?
 - A. Project performance measurement baseline (PMB)
 - B. Project performance baseline (TPC)
 - C. Contract target cost
 - D. Annual spend vs. budget
 - E. Other
- How do we reward good cost control?
- How should we reward good cost control?



Closing Thoughts

We Are Making Progress

- Project Management Is Hard
- We must better define requirements
- Budget Turbulence will continue
- Keep Charging!



Questions?

